



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Chief Administrative Officer

At its meeting held June 21, 2005, the Board took the following action:

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Supervisor Knabe made the following statement:

“California Senate Bill (SB) 1086 (Migden), as amended, would prohibit the City of Long Beach from setting aside oil revenues produced in the State Tidelands for future use in cleanup of the oil fields after production of oil is concluded. In addition, SB 1086 would require the City to return revenues in the abandonment reserve fund to the State.

“The City of Long Beach created the reserve for abandonment to ensure the protection of the Long Beach Tidelands by funding the State’s abandonment obligation out of ongoing oil revenues. If the City waits until the oil field is no longer producing oil, there will be no source of funds to meet this State obligation. The City, as steward to the State for the oil operations in the Tidelands of Long Beach, has always operated with the highest regard for environmental responsibility and public safety.

“Good public policy requires the City to protect the environment. To protect the Long Beach Tidelands, the City must ensure that funding exists for the abandonment of wells, pipelines and facilities; and the remediation of soil in a timely manner. The State has affirmed that it recognizes and accepts its liability for abandonment costs for oil operations in the Tidelands.

“The City, as trustee for the State, is fulfilling its fiduciary responsibilities by creating and funding a reserve for abandonment and restoration liabilities created by oil operations from tidelands oil revenue. The City is acting in a manner consistent with generally accepted accounting principles and good public policy.

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“The Long Beach Tidelands have provided nearly \$5 billion in revenue to the State from oil operations. The City currently has reserved approximately \$86 million for funding the State’s share of the abandonment liability. Given the \$300 million expected cost of oil well abandonment, there is still \$214 million of unfunded State liability.

“It would be extremely unwise for the State to require the City of Long Beach to deplete the Abandonment Fund.”

Therefore, on motion of Supervisor Knabe, seconded by Supervisor Yaroslavsky, unanimously carried, the Board took the following actions:

1. Went on record in opposition to SB 1086 (Migden), legislation which would prohibit the City of Long Beach from setting aside oil revenues produced in the State Tidelands for future use in cleanup of oil fields and would require the City to return revenues in the abandonment reserve fund to the State;
2. Instructed the Chief Administrative Officer to send a letter to the Los Angeles County Legislative Delegation expressing the Board’s opposition; and
3. Instructed the County’s Legislative Advocates in Sacramento to pursue defeat of SB 1086.

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Copies distributed:
Each Supervisor
County Counsel